



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: July 30, 2001
TO: Toni McCoy, Division of Regulatory Oversight
FROM: David J. Draper, Division of Economic Regulation *JD*
RE: Docket No. 010985-TX, OneStar Communications, LLC, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ALM* *CDR*

Section 364.337 (1), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide alternative local exchange service upon a showing that the applicant has sufficient technical, financial, and managerial capability to provide such service in the geographic area proposed to be served.

Also Section 364.01 (3) and (4) states that:

(3) The Legislature finds that the competitive provision of telecommunications service, including local exchange telecommunications service, is in the public interest.

and

(4)(d) The Commission shall exercise its exclusive jurisdiction in order to: (d) Promote competition by encouraging new entrants into telecommunications markets . . .

Regarding the showing of financial capability, the Finance staff has analyzed the unaudited financial statements of OneStar Communications, LLC (OSC) for the period ending December 31, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, OSC has positive net income, but reports minimal liquidity and negative common equity .

In this matter, OSC is asking for a certificate to provide alternative local exchange telecommunications service. For purposes of granting a certificate based on the financial information provided, the financial capability appears minimal.

Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that the company will maintain capital from internally generated funds. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

cc: Division of Legal Services
Division of Commission Clerk and Administrative Services (2)

DOCUMENT NUMBER · DATE

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ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

| | AS OF 12/31/2000 (000) |
|------------------------|---------------------------------|
| CURRENT ASSETS | \$16,729 |
| CURRENT LIABILITIES | 42,205 |
| CURRENT RATIO | 0.40 |
| CASH | 2,698 |
| COMMON EQUITY | (25,270) |
| TOTAL DEBT | 20,626 |
| TOTAL INVESTOR CAPITAL | (4,644) |
| COMMON EQUITY RATIO | NMF |
| NET INCOME | 102,861 |
| RETURN ON EQUITY | NMF |

NMF = No Meaningful Figure